German Cities Continue to Dominate Property Investment Market

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Private aviation growth is increasingly fuelled by those involved in the property sector and the number of trips to key real estate hotspots on private jets has soared over the past year. The property market has an important part to play as attention is focused on returning the UK and Europe's economies to growth. In the recent budget, George Osborne indicated that the fortunes of the UK budget are largely being placed with property market, and across Europe property can be seen to be a relative safe haven for investment during economic uncertainty. Tourism accounts for 5% of Europe's GDP and is estimated to be growing to 12% by 2016.

With continued euro instability, European investment interest at the top end of the market is being increasingly pushed towards property. The flexibility, time-saving and direct routing that private aviation offers are particularly heightened for property investors needing to move in and out quickly, and maximise their time on the ground.

German Cities are dominating the property investment market, and this can perhaps be best exemplified by the 100 sq km North Sea Island of Sylt, which houses Germany's most expensive addresses. Prices are seen to be rising more quickly at the luxury end of the market, perhaps indicating that the better the location, the safer the investment opportunity. Sylt's Westerland Airport is showing notable growth in private jet movements, +47% in 2012.

Top 5 European Cities for Property investment:
PrivateFly.com has looked at factors including economy, tourism, transaction ease and costs and rental yields, and German cities continue to dominate, with overall the larger Western European centres proving themselves as resilient locations for investment.

MIPIM is the world’s property market, taking place every year at the Palais Des Festivals in Cannes. This year, the conference took place 12-15 March 2013, bringing together the most influential individuals from the various international property sectors.

Munich comes out on top for property investment with its expanding biotech industry, constrained supply and rapidly increasing tourism which is reflected in the nearly 14,000 private flights into and out of Munich airport last year. Berlin comes in 2nd due to low transaction costs and expanding tech industry, while Hamburg, Germany’s second city, rounds out the top 5. The traditional property hotspot of London retains its reputation as the ultimate choice for investment and comes in at number three. Interestingly, the newly relaxed restrictions on foreign ownership, coupled with promising economic growth, means the city of Istanbul holds the number 4 place. Paris continues to be the global business, political and retail hub with nearly 50,000 private flights, closely followed by London.
Source: Emerging Trends in Real Estate Europe 2013, by PwC and Urban Land Institute); WingX Advance/ EUROCONTROL data

Of the many reasons why property investors use private jet charter, three stand out:

Proximity – Private aircraft utilise significantly more airports than scheduled airlines in Europe (3000 versus 300), allowing property investors to cut their travel times and get closer to investment opportunities.

Flexibility – The flexibility afforded by private air travel allows investors to make a visit and return in the same day. If necessary, the plane can be kept waiting or several visits across Europe can be scheduled into the same day.

Time saving – On average, a return flight in Europe would save approximately 5 hours of travelling time compared to the same journey on a scheduled airline. Furthermore, it is understood that property investors and developers, as well as high net worth individuals flying to holiday homes, are big users of private jets. We can also see that the destination trends for private aviation follows a continued recovery and the trends that are shaping real estate prices in Europe. Second home owners are well known as major users of private aviation to travel seamlessly, quickly and as a family group (price is per aircraft, not per head). In addition, private aviation allows pets to travel in the cabin and customers are not at the mercy of seasonal airline schedules.

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